Message Text

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INFO OCT-01 EUR-12 EA-10 ISO-00 NEAE-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07 CEA-01 PA-01 AGRE-00 HEW-04 OES-07 /124 W

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P R 241045Z MAY 78 FM AMEMBASSY ISLAMABAD TO SECSTATE WASHDC PRIORITY 7358 INFO AMEMBASSY MANILA AMEMBASSY PARIS

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MANILA FOR ADB

PARIS FOR USOECD

E.O. 11652: N/A

TAGS: EAID, EFIN, EGEN, PK

SUBJECT: GOP DRAFT FIVE YEAR PLAN (1978/83)

REF: (A) ISLAMABAD 4232 (B) ISLAMABAD 4627

1. SUMMARY: THE HASTILY PREPARED SUMMARY OF THE DRAFT FIFTH PLAN (1978/83), INDICATES A HIGHLY AMBITIOUS PLAN AIMED TOWARDS THE RECOMMENDATIONS OF THE WORLD BANK AND OTHERS BY SHIFTING EMPHASISTOWARDS AGRICULTURE AND AWAY FROM EXPENSIVE INDUSTRIAL PROJECTS (AFTER COMPLETING EXISTING LONG-TERM PROJECTS); TOWARDS BETTER DOMESTIC RESOURCE MOBILIZATION, AND TOWARDS BASIC HUMAN NEEDS. A FORECAST 7 PERCENT AVERAGE ANNUAL GNP GROWTH IS TO BE ACCOMPLISHED BY AGRICULTURAL GROWTH OF 6 PERCENT AND INDUSTRIAL GROWTH OF 10 PERCENT. LIMITED OFFICIAL USE

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AGRICULTURAL GROWTH WILL DEPEND ON INCREASED BASIC INPUTS AND FERTILIZER ALONG WITH MORE AGRICULTURAL CREDIT AND A BETTER EXTENSION SERVICE. SELF-SUFFICIENCY IN WHEAT IS FORECAST BY 1983. THE PRIVATE INDUSTRIAL SECTOR FOCUS IS TO BE ON AGRO-BASED INDUSTRY AND THEIR USE OF EXISTING CAPACITY. THE REQUIRED INVESTMENT OF RS. 212.5 BILLION IS TO BE REALIZED BY LARGE SCALE

MOBILIZATION OF DOMESTIC RESOURCES, REQUIRING A MARGINAL SAVINGS RATE OF 25 PERCENT, WITH RELATIVELY LESS RELIANCE ON EXTERNAL RESOURCES. GROWTH OF MONETARY AGGREGATES IS TO BE HELD CLOSE TO GROWTH OF OUTPUT. THE BOP CURRENT ACCOUNT GAP WILL STABILIZE AT ABOUT \$1 BILLION, AND THE TOTAL BALANCE OF PAYMENTS FINANCING NEED AT \$1.5 BILLION. GROSS AID WILL BE \$1.2 BILLION ANNUALLY AND THE REMAINING \$300 MILLION IS TO BE COVERED BY DEBT RESCHEDULING. THE BASIC HUMAN NEEDS STRATEGY INVOLVES SETTING UP A FRAMEWORK TO IMPLEMENT THE PROVISION FOR AGRICULTURAL INPUTS, HEALTH CARE, SANITATION, DRINKING WATER, ELECTRICITY, AND EDUCATION TO RURAL AREAS. POPULATION GROWTH IS TO BE CUT FROM 3 PERCENT TO 2.5 PERCENT BY WAYS TO BE DETERMINED. THE DRAFT SUMMARY IS GENERALLY SHORT ON SPECIFICS. IN PARTICULAR IN CITING SAVINGS AND GROWTH RATES IN THE 1960'S AS INDICATING WHAT IS POSSIBLE WHILE NOT ADDRESSING HOW THE CAPITAL FORMATION CONDITIONS OF THAT PERIOD, WHICH WERE CONDUCIVE TO RAPID BUT "TRICKLE DOWN" GROWTH. ARE TO BE RECAPTURED WHILE SHIFTING THE ECONOMY TOWARDS BASIC HUMANNEEDS. END SUMMARY.

INTRODUCTION AND OVERVIEW:

2. A SUMMARY OF THE DRAFT FIFTH FIVE YEAR PLAN HAS JUST BEEN GIVEN TO CONSORTIUM EMBASSIES IN PREPARATION FOR LIMITED OFFICIAL USE

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THE JUNE CONSORTIUM MEETING. A PLANNING OFFICIAL TOLD US FINAL APPROVAL IS EXPECTED AT A CABINET-LEVEL MEETING SCHEDULED FOR JUNE 12 AND THAT NO MAJOR CHANGES ARE EXPECTED. HE SAID THE ONLY POSSIBLE MODIFICATION MIGHT BE A SHIFT IN EMPHASIS EVEN FURTHER TOWARD BASIC HUMAN NEEDS. THE TIMING OF THE FINAL MEETING ON THE PLAN SEEMS TO IMPLY THAT THE GOP MIGHT TAKE INTO ACCOUNT THE COMMENTS OF CONSORTIUM COUNTRIES AT THE JUNE 1 MEETING TO THE EXTENT POSSIBLE.

- 3. THE MAIN ELEMENTS OF THE HIGHLY-OPTIMISTIC FIVE YEAR PLAN ARE:
- --GNP GROWTH AT MARKET PRICES OF SEVEN PERCENT.
- --A SIX PERCENT ANNUAL GROWTH RATE FOR AGRICULTURAL OUTPUT, INCLUDING SELF-SUFFICIENCY IN WHEAT, MADE POSSIBLE BY INCREASED INPUTS OF SEED, FERTILIZER, WATER, CREDIT AND AN IMPROVED EXTENSION SERVICE.
- --A TEN PERCENT ANNUAL GROWTH RATE FOR INDUSTRY RASED ON MAXIMUMUSE OF EXISTING CAPACITY AND INCRESED PRIVATE SECTOR ACTIVITY.

--FINISHINGUP EXISTING INDUSTRIAL PROJECTS AS FAST AS POSSIBLE AND SHIFTING PUBLIC PRIORITIES FROM LONG GESTATION PERIOD INDUSTRIAL INVESTMENT TO SHORTER TERM PROJECTS AND INCREASED SOCIAL SECTOR SPENDING.

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P R 241045Z MAY 78 FM AMEMBASSY ISLAMABAD TO SECSTATE WASHDC PRIORITY 7359 INFO AMEMBASSY MANILA AMEMBASSY PARIS

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- -- FORMULATION OF BASIC HUMAN NEEDS STRATEGY FOR RURAL AREAS BASED ON INCREASES IN AGRICULTURAL INPUTS, HEALTH DELIVERY SYSTEMS, SANITATION, POTABLE WATER, EDUCATION AND ORGANIZATIONAL STRUCTURE TO IMPLEMENT THE STRATEGY.
- -- INCREASED MOBILIZATION OF DOMESTIC RESOURCES REQUIRING A MARGINAL SAVINGS RATE OF 25 PERCENT ANNUALLY.
- -- AN AGGREGATE CONSUMPTION INCREASE OF 6.2 PERCENT ANNUALLY AND AN INCREASE IN PER CAPITA CONSUMPTION OF KEY COMMODITIES OF 3.8 PERCENT ANNUALLY.

- -- HOLDING MONETARY EXPANSION TO NINE PERCENT ANNUALLY.
- -- BALANCE OF PAYMENTS GAP OF \$300 MILLION EVEN WITH LIMITED OFFICIAL USE

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A TEN PERCENT YEARLY GROWTH IN EXPORTS AND HOLDING IMPORTS TO A SIX PERCENT ANNUAL GROWTH RATE.

4. THE SIZE OF THE DEVELOPMENT PLAN IS RS. 212.5
BILLION OF WHICH THE PRIVATE SECTOR SHARE IS RS.
62 BILLION AND THE PUBLIC SECTOR SHARE IS RS. 148
BILLION. THE RS. 212.5 BILLION IS ALLOCATED MAINLY
AMONG INDUSTRY (RS. 40 BILLION), POWER (RS. 27 BILLION),
TRANSPORTATION AND COMMUNICATIONS (RS. 38 BILLION),
AGRICULTURE (RS. 26 BILLION), HOUSING (RS. 23 BILLION),
AND WATER (RS. 17 BILLION).

5. PRIVATE SECTOR FINANCING IS EXPECTED TO COME MAINLY FROM DOMESTIC SAVINGS (84 PERCENT) AND THE REMAINDER FROM OVERSEAS SOURCES (16 PERCENT).

6. PUBLIC SECTOR FINANCING IS EXPECTED TO COME MAINLY FROM DOMESTIC RESOURCES (62 PERCENT) OF WHICH 22 PERCENT (RS. 20 BILLION) IS TO BE SELF-FINANCING BY PUBLIC CORPORATIONS. THE AMOUNT TO BE ALLOCATED BY BUDGETARY PROCESSES IS RS. 128 BILLION OF WHICH 45 PERCENT (RS. 57 BILLION) WILL COME FROM EXTERNAL RESOURCES (INCLUDING RS. 15 BILLION IN DEBT RESCHEDULING). THE REMAINING RS. 71 BILLION WILL COME FROM TAXES, INCREASED UTILITIES CHARGES AND REDUCTION IN SUBSIDIES.

7. THE PLAN'S BALANCE OF PAYMENTS PROJECTIONS ARE THOSE PRESENTED IN THE GOP DEBT MEMORANDUM (REFTEL A) AND EXPANDED IN THE GOP MEMO FOR THE CONSORTIUM (REFTEL B). EXPORTS ARE PROJECTED TO GROW AT 10.5 PERCENT ANNUALLY WHILE IMPORTS WILL RISE BY SIX PERCENT. THE AMOUNT TO BE FINANCED IS \$1.5 BILLION AND NET EXTERNAL INFLOWS ARE \$1.2 BILLION, LEAVING \$300 LIMITED OFFICIAL USE

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MILLION ANNUALLY TO BE FINANCED BY DEBT RESCHEDULING.

8. THE MLA'S FIVE YEAR PLAN IS, IN MANY RESPECTS, LIKE THE BHUTTO GOVERNMENT'S FIVE YEAR PLAN (1977/83) DRAFTED IN JUNE OF LAST YEAR BUT NEVER IMPLEMENTED. CONSIDERING THE EVIDENT NATURE OF PAKISTAN'S MANY PROBLEMS, THIS IS NOT SURPRISING. HOWEVER, THERE ARE DIFFERENCES IN MORE EMPHASIS ON AGRICULTURE AND LESS ON EXPENSIVE INDUSTRIAL PROJECTS IN A RURAL DEVELOPMENT STRATEGY EMPHASIZING BASIC HUMAN NEEDS AND IN LARGER PRIVATE SECTOR INVOLVEMENT.

9. THE DRAFT FIVE YEAR PLAN CALLS FOR A 7.5 PERCENT ANNUAL GROWTH RATE FOR GDP MADE UP OF THE FOLLOWING SECTORAL ANNUAL GROWTH RATES: AGRICULTURE 6.0, MANUFACTURING 10.0, CONSTRUCTION 8.4, TRADE AND TRANSPORT 7.7, OTHER 4.9, WITH GNP GROWING SLIGHTLY SLOWER AT 7.3 PERCENT ANNUALLY. GDP GROWTH IS HIGHER THAN GNP BECAUSE NET FACTOR INCOME FROM ABROAD IS FORECAST TO GROW SLOWLY.

10. AGRICULTURE: THE AGRICULTURAL GROWTH STRATEGY IS BASED ON MORE EFFICIENT USE OF INCREASED FARM INPUTS. WATER AVAILABILITY IS EXPECTED TO INCREASE 12 PERCENT OVER THE PLAN PERIOD AND EMPHASIS WILL BE GIVEN TO MORE EFFICIENT ON-FARM WATER MANAGEMENT TECHNIQUES. FERTILIZER USAGE, THE MOST IMPORTANT VARIABLE IN THE AGRICULTURAL PLAN, IS EXPECTED TO INCREASE 100 PERCENT. PLANT PROTECTION MEASURES ARE TO BE EXTENDED TO 60 PERCENT OF THE AREA PLANTED IN COTTON, SUGARCANE AND RICE. THE GOVERNMENT ALSO PLANS TO CARRY OUT THE ESTABLISHMENT OF A SEED INDUSTRY TO INSURE DISTRIBUTION OF HIGH QUALITY, HIGH YIELDING SEEDS. SEED DISTRIBUTION IS PROJECTED TO INCREASE FOURLIMITED OFFICIAL USE

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FOLD OVER THE PLAN PERIOD. IN ADDITION TO THESE MEASURES THE PLAN CALLS FOR INCREASED EMPHASIS ON OIL SEED PRODUCTION AND EXPANSION OF THE AGRICULTURAL EXTENSION SERVICE TO ASSIST FARMERS IN EFFICIENTLY UTILIZING THE INCREASED INPUTS. AGRICULTURAL OUTPUT TARGETS FOR THE END OF THE PLAN PERIOD ARE: WHEAT 13 MILLION TONS (PLUS 42 PERCENT), RICE 3 MILLION TONS (PLUS 34 PERCENT), SUGARCANE 28 MILLION TONS (PLUS 23 PERCENT), AND COTTON 5 MILLION BALES (PLUS 52 PERCENT).

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11. INDUSTRY: THE INDUSTRIAL STRATEGY CALLS FOR A MAJOR SHIFT IN THE PRIVATE/PUBLIC INVESTMENT MIX. FROM BHUTTO'S 75 PUBLIC/25 PRIVATE INVESTMENT, TO ABOUT 50-50 IN THE PRESENT PLAN. PUBLIC SECTOR INVOLVEMENT WILL MAINLY CONSIST OF COMPLETING ONGOING LONG GESTATION PERIOD PROJECTS AND OTHER PROJECTS ALREADY PLANNED IN FERTILIZER, CEMENT, EDIBLE OILS, MACHINERY AND CHEMICALS. THE KARACHI STEEL MILL ALONE WILL USE ABOUT 29 PERCENT OF TOTAL INDUSTRIAL DEVELOPMENT RESOURCES. THE PRIVATE SECTOR WILL O CONCENTRATE ON INCREASING OUTPUT IN AGRO-BASED INDUSTRIES, SUCH AS TEXTILES, SUGAR AND IN SMALL SCALE INDUSTRIES. THE MAJOR PRODUCTION TARGETS FOR THE PLAN PERIOD ARE: COTTON YARN 548 MILLION KGS. LIMITED OFFICIAL USE

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(PLUS 77 PERCENT), COTTON CLOTH 2,465 MILLION SQ. METERS (PLUS 64 PERCENT), SUGAR ONE MILLION TONS (PLUS 32 PERCENT), EDIBLE OILS 650,000 TONS (PLUS 60 PERCENT), FERTILIZER 1.4 MILLION NUTRIENT TONS (PLUS 320 PERCENT), CEMENT 6 MILLION TONS (PLUS 88 PERCENT). THE KARACHI STEEL MILL IS EXPECTED TO BE PRODUCING 800,000 TONS OF STEEL BY 1986:83.

- 12. RURAL DEVELOPMENT: THE RURAL DEVELOPMENT STRATEGY PULLS TOGETHER PROGRAMS FROM SEVERAL SECTORS TO PROVIDE PAKISTAN'S RURAL AREAS WITH AGRICULTURAL INPUTS. SAFE DRINKING WATER, ADEQUATE HEALTH AND SANITATION FACILITIES, RURAL ELECTRICITY AND IMPROVED ACCESS TO EDUCATION.
- 13. SPECIFIC TARGETS FOR THESE ACTIVITIES ARE: TO INCREASE POTABLE WATER COVERAGE FROM 14 TO 36 PERCENT OF PAKISTAN'S RURAL POPULATION. SANITATION WILL BE PROVIDED TO AN ADDITIONAL 2 MILLIN OF THE RURAL POPULATION, AND HEALTH CARE (I.E., A HEALTH FACILITY WITHIN TWO MILES) TO ALL RURAL PEOPLE. ENROLLMENT IS EXPECTED TO INCREASE 50 PERCENT IN PRIMARY SCHOOLS, 75 PERCENT IN MIDDLE SCHOOLS AND 47 PERCENT IN SECONDARY SCHOOLS. ELECTRIFICATION OF 10,000 VILLAGES WILL BE MORE THAN DOUBLE THE PRESENT SERVICE TO THE RUAL POPULATION. BY THE END OF THE PLAN PERIOD SERVICE WILL BE AVAILABLE FOR 37 PERCENT OF THE RURAL POPULATION AS COMPARED TO 15 PERCENT TODAY, OTHER MEASURES ARE ALSO PLANNED TO INCREASE THE NUMBER AND **OUALITY OF RURAL ROADS, PROVIDE BETTER COMMUNICATIONS** FACILITIES AND GIVE SPECIAL ASSISTANCE TO SMALL RURAL INDUSTRIES.

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- 14. THE PLAN ALSO CAGTS FOR THE ESTABLISHMENT OF AN ORGANIZATIONAL STRUCTURE TO INSTITUTIONALIZE THE RURAL DEVELOPMENT STRATEGY. THE STRUCTURE IS MADE UP OF A TWO-TIER SYSTEM CONSISTING OF 50-60 DISTRICT COUNCILS AND BELOW THEM 1300 MARKAZ COUNCILS EACH COVERING 30-40 VILLAGES. THIS ORGANIZATION WILL BE STAFF BY FEDERAL AND PROVINCIAL PERSONNEL FROM EXISTING SECTORAL LINE DEPARTMENTS AND WILL BE RESPONSIBLE FOR IMPLEMENTING THE RUAL DEVELOPMENT STRATEGY. THE PLAN ANTICIPATES THE HOLDING OF LOCAL ELECTIONS AND NOTES THAT THE RURAL DEVELOPMENT ORGANIZATION WILL BE INTEGRATED WITH ELECTED GOVERNMENT INSTITUTIONS.
- 15. RESOURCE ALLOCATION AND MOBILIZATION: OF THE TOTAL RS. 212.5 BILLION PLAN, THE PUBLIC SECTOR SHARE IS RS. 148 BILLION WHILE THE PRIVATE SECTOR IS EXPECTED TO CONTRIBUTE A RS. 62 BILLION EFFORT. TOTAL PLAN RESOURCES ARE ALLOCATED MAINLY AMONG INDUSTRY (RS. 40 BILLION), TRANSPORTATION (RS. 27 BILLION), AGRICULTURE (RS. 26 BILLION), HOUSING (RS 23 BILLION), AND WATER (RS. 17 BILLION)
- 16. MOBILIZATION OF DOMESTIC RESOURCES WHICH ARE TO

COVER THREE-FOURTHS OF PLAN FINANCING, WILL REQUIRE AN INCREASE IN THE DOMESTIC SAVINGS RATE FROM 7.6 TO 12.7 PERCENT OF GNP OVER THE PLAN PERIOD. THIS INCREASE IN THE SAVINGS RATE OF ALMOST 25 PERCENT. THE DRAFT SUMMARY ADMITS THE OPTIMISTIC NATURE OF THIS FORECAST BUT NOTES THAT IT WOULD BE A RETURN TO THE SAVINGS PERFORMANCE OF THE 1960'S AND IS BELOW SAVINGS RATE INCREASES WHICH OCCURRED DURING THE THIRD FIVE YEAR PLAN (1965/70).

17. PRIVATE SECTOR FINANCING OF ITS SHARE IS ESTIMATE TO COME FROM FOREIGN RESOURCES (15 PERCENT), INTERNAL SAVINGS (57 PERCENT) AND CREDIT (28 PERCENT). LIMITED OFFICIAL USE

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INTERNAL SAVINGS COULD COME FROM CORPRORATE SAVINGS AS WELL AS CONVENTIONAL TIME AND DEMAND DEPOSITS INVESTED BY INDIVIDUALS.

18. OF THE RS. 148 BILLION FOR THE PUBLIC SECTOR, RS. 20 BILLION WILL COME FROM SELF-FINANCING, I.E., NON-BUDGETARY FINANCING, BY GOVERNMENT CORPORATIONS SUCH AS THE KARACHI ELECTRIC SUPPLY CORPORATION, THE SHIPPING CORPORATION AND OTHERS.

19. THE REMAINING RS. 128 BILLION WILL COME FROM EXTERNAL RESOURCES, RS.57 BILLION (INCLUDING THE EFFECTS OF RS. 15 BILLION--RS. 3 BILLION ANNUALLY--OF DEBT RESCHEDULING) AND DOMESTIC RESOURCES, RS. 71 BILLION.

20. THE RS. 71 BILLION RAISED FROM DOMESTIC RESOURCES IS EXPECTED TO COME FROM SEVERAL SOURCES: (A) REVENUE SURPLUSES GENERATED BY AUSTERE NON-DEVELOPMENT BUDGETS (RS. 10 BILL

), (B) PROCEEDS OF SMALL SAVINGS
SCHEMES AND OTHER CAPITAL OPERATIONS (RS. 16 BILLION),
(C) PROFITS FROM AUTONOMOUS BODIES, WAPDA, KESC, ETC.,
BASED ON CURRENT OPERATIONS (RS. 8 BILLION), (D)
ADDITIONAL PROFITS FROM AUTONOMOUS BODIES BASED ON
INCREASED UTILITY RATES AND MORE EFFICIENT OPERATIONS
(RS. 6 BILLION), (E) NEW TAXES AND/OR DECREASED
SUBSIDIES (RS. 21 BILLION), AND (F) "BUDGETARY
SUPPORT", I.E. MONEY CREATION (RS. 10 BILLION).

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21. CREDIT AND MONETARY POLICY: MONETARY AGGREGATES ARE PROJECTED TO GROW AT AN 8.8 PERCENT ANNUAL RATE WHICH WOULD NOT BE INFLATIONARY IF THE PROJECTED 7.3 PERCENT GNP (MARKET PRICES) GROWTH RATE CAN BE ACHIEVED. TWOJATHIRDS OF THE TOTAL EXPANSION OF RS. 33.75 BILLION IS EXPECTED TO ARISE FROM PRIVATE SECTOR INVESTMENT. THE AGRICULTURAL PORTION REPRESENTS A DOUBLING OF PRESENT LEVELS FOR THAT SECTOR. DEMAND FOR THE REMAINING RS. 11.1 BILLION WILL COME FROM THE PUBLIC SECTOR FOR BUDGETARY SUPPORT, PUBLIC SECTOR ENTERPRISES AND THE CREDIT NEEDS OF STATE TRADING CORPORATIONS.

2. BALANCE OF PAYMENTS: THE PLAN'S BALANCE OF PAYMENTS PROJECTIONS ARE THOSE PRESENTED IN THE GOP DEBT MEMORANDUM (REF -) AND EXPANDED IN THE GOP MEMO LIMITED OFFICIAL USE

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FOR THE CONSORTIUM (REF B). IMPORTS ARE PROJECTED TO GROW AT 6 PERCENT ANNUALLY AND CONSIST MAILY OF EDIBLE OILS, CAPITAL GOODS, RAW MATERIALS AND CONSUMER GOODS. THE GOP PREDICTS SELF-SUFFICIENCY IN WHEAT AND LOW IMPORTS OF FERTILIZER AND POL. EXPORTS ARE PROJECTED

TO GROW AT 10 PERCENT ANNUALLY MAINLY ON THE STRENGTH OF INCREASED OUTPUTS OF TRADITIONAL COMMODITIES, I.E., COTTHN, COTTON YARN, COTTON FABRICS AND RICE, AND LLARGE INCREASES IN NON-TRADITIONAL EXPORTS SUCH AS FISH. LEATHER AND CARPETS.

23. HOME REMITTANCES ARE PROJECTED TO REACH \$1.1 BILLION IN 1978-79 AND INCREASE BY \$50 MILLION ANNUALLY THEREAFTER. THE CURRENT ACCOUNT DEFICIT PLUS DEBT SERVICE IS EXPECTED TO REACH \$1.5 BILLION ANNUALLY. AID INFLOWS ARE PROJECTED TO STABILIZE AT \$1.2 BILLION ANNUALLY LEAVING AGAP OF \$300 MILLION ANNUALLY TO BE FINANCED BY DEBT RESCHEDULING.

24. COMMENT: THE DRAFT SUMMARY SHOWS THE EFFECTS OF HAVING BEEN HASTILY WRITTEN, PRESEMABLY TO GET IT READY BEFORE THE JUNE 1-2 CONSORTIUM MEETINGS. MANY OF ITS TARGETS ARE HIGHLY AMBITIOUS AND --AS IN THE CASE OF REDUCING THE RATE OF POPULATION GROWTH--WITHOUT MUCH INDICATION OF HOW THEY WILL BE ACHIEVED. THE ASSUMPTION THAT THE SAVINGS RATE CAN BE RAISED FROM 7.6 PERCENT TO 12.7 PERCENT OF GNP IS ADMITTED IN THE REPORT TO BE HEROIC BUT IS JUSTIFIED BY THE STATEMENT THAT A COUGHLY COMPARABLE RATE HAD BEEN ACHIEVED IN THE 1960'S. THAT PERIOD WAS ALSO ONE OF MALDISTRIBUTED BENEFITS OF GROWTH. SUCH DISTRIBUTION RUNS COUNTERS TO THE PLAN'S EMPHASIS ON RURAL DEVELOPMENT. THE EARLIER PATTERN WOULD BE POLITICALLY LIMITED OFFICIAL USE

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25. TWO COPIES OF THE SUMMARY OF THE DRAFT FIFTH PLAN (1978/83) POUCHED TO H.R. LUCIUS, NEA/PAB. KENNON WILL CARRY ADDITIONAL COPIES TO PARIS. HQSMEL

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